
COMMONWEALTH OF VIRGINIA



OFFICE OF THE GOVERNOR

Executive Order No. 39 (2011)

Multidisciplinary Taskforce on Economic Competitiveness and Versatility

Importance of the Issue

The Commonwealth of Virginia continues to be recognized by many as the most business-friendly, entrepreneurial, and dynamic economy in the nation. Maintaining this status requires the constant monitoring of market forces; agile adaptation to new information; vigilance against new programs and trends that would extend government beyond core services; and swift response even to risk factors outside of our immediate legislative or budgetary control. Modern Virginians are the beneficiaries of over a century of sound fiscal management and we will pass that good inheritance to future generations. Virginia has held its treasured AAA bond rating from each of the three rating agencies longer than any other state in the Union.

Today we are faced with the stark reality that our federal government has not followed Virginia's example of thrift, moderation, and restraint. For the first time, the credit rating of the world's greatest economy has been downgraded by at least one rating agency. While we may doubt the wisdom and timing of that downgrade, there is no doubt that the size, scope, debt, and spending of the federal government has grown at an unconscionable and unsustainable pace. Because it has not lived within its means for decades, the federal government is now forced to take bold steps to change course. Virginia welcomes those necessary and inevitable federal budget reforms and will, as it has in every prior change of course in federal spending, do its part in preparing for the impact and come out stronger than before. That includes a continuing effort to diversify our state's economy into multiple high and long-term growth sectors.

The connection between Virginia and the federal government is well-known both politically and economically, but difficult to accurately quantify. Less than five percent of Virginia workers are federal employees; moreover, 92 percent of all the jobs created since February 2010 are in the private sector. Still "[t]he people of Virginia are acutely aware of the integral role military and national security facilities play in the economic vitality of the Commonwealth. The estimated \$56

billion the Department of Defense alone is projected to spend in the Commonwealth in 2010 translates to business for Virginia and high-quality jobs for our citizens.” (*Governor’s Exec. Order No. 22(2010)*)

In 2009, Virginia ranked first among the states in total per capita federal expenditures. The Commonwealth also ranked first in per capita spending for procurement, second in defense spending, fourth in salaries and wages, and fifth in retirement and disability payments. Conversely, Virginia ranked 39th in per capita federal spending for direct payments and next to last in per capita federal grant spending. Because of this wide diversity in the measurement of federal spending in Virginia, and because we do not know what form anticipated federal reforms will take, we have to take steps now to prepare for the potential impact on our revenue from personal withholdings and corporate income taxes, as well as the secondary impact on sales and other taxes. In addition, while we have a relatively low unemployment rate around 6 percent, there are far too many Virginians out of work. We must continue to focus our efforts on the expansion, retention, and recruitment of jobs.

Virginia will be vigilant in protecting the military and national security assets located in the Commonwealth as authorized in Executive Order 22, but must continuously seek new opportunities for growth. To that end, the Lieutenant Governor in his capacity as Chief Job Creation Officer, will be charged with leading a multidisciplinary taskforce to identify strategies to further strengthen the Commonwealth’s economic diversity and competitiveness in light of future federal action.

To accomplish this, in accordance with the authority vested in me by Article V of the *Constitution of Virginia* and by Section 2.2-134 of the *Code of Virginia*, I hereby create the Multidisciplinary Taskforce on Economic Competitiveness and Versatility.

The Multidisciplinary Taskforce on Economic Competitiveness and Versatility

The Taskforce will consist of the Lieutenant Governor, the Secretary of Finance, the Secretary of Commerce and Trade, the Secretary of Technology, the Secretary of Veterans Affairs and Homeland Security, the Senior Economic Advisor, the Director of the Office of Intergovernmental Affairs, the President and CEO of the Virginia Economic Development Partnership, as well as others appointed by the Governor who will serve at his pleasure and at his discretion.

The Multidisciplinary Taskforce’s responsibilities shall include the following:

1. Analyze and report to the Governor the state of Virginia’s workforce and its degree of versatility to respond to future contraction in federal spending, both in terms of individual regions and economic sectors.
2. Identify appropriate opportunities for further diversifying Virginia’s economy to help reduce private sector reliance on federal spending and provide alternative employment for potentially displaced federal workers.
3. Receive from the private sector, economic development allies, institutions of higher education, legislators, elected officials, and other interested parties ideas for promoting Virginia’s economic versatility and analyzing those ideas for further action by the Governor.
4. Manage the communication among the Commonwealth of Virginia, the Joint Select Committee on Deficit Reduction as established in the *Budget Control Act of 2011* (Public Law No: 112-25), and the Virginia congressional delegation relative to any budget reform proposals and their impacts on the Commonwealth.
5. Quantify and report to the Governor the impact to the Commonwealth, its subdivisions, and

private industry of any such proposals to address the federal deficit.

6. Identify the regions, localities, and economic sectors most readily affected by federal contraction or budget reform proposals.
7. Support and foster collaboration among local and regional entities in identifying appropriate strategies for adaptation to changes in federal spending and policies.
8. Determine the best and most efficient manner to foster and promote business, technology, transportation, education, economic development and other efforts to support, attract and retain a broad array of new private sector businesses to the Commonwealth.
9. Determine, in conjunction with the Commission on National Security Facilities, the best and most efficient manner to foster and promote business, technology, transportation, education, economic development and other efforts to support and retain existing military and non-military national security facilities in the Commonwealth.
10. Inform the Governor on a regular basis on all pertinent findings and recommendations.

Multidisciplinary Taskforce Staffing and Funding

Necessary staff support for the Multidisciplinary Taskforce's work during its existence shall be furnished by the Office of the Governor and the Office of the Secretary of Commerce and Trade, and such other agencies and offices as designated by the Governor. An estimated 150 hours of staff time will be required to support the work of the Interagency Taskforce. No public funds will be expended in support of this Taskforce.

The Taskforce shall report quarterly, beginning on October 1, 2011, to the Governor and shall issue such other reports and recommendations as necessary or as requested by the Governor.

Effective Date of the Executive Order

This Executive Order shall be effective upon its signing and pursuant to Section 2.2-135 of the *Code of Virginia* shall remain in force and effect until August 31, 2012, unless amended or rescinded by further executive order.

Given under my hand and under the Seal of the Commonwealth of Virginia, this 1st day of September 2011.

/s/ Robert F. McDonnell, Governor

Attest:

/s/ Secretary of the Commonwealth